

1996 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE COLORADO ECONOMY

The importance of small business to the state of Colorado is once again evident in the 1996 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy.

Of the **93,354** full-time business firms with employees in Colorado, **97.6** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **152,000** full-time self-employed persons in Colorado in 1995, for a total estimated full-time business population of **245,354** firms.

Small Business Income - the income of sole proprietors and partners rose **9.2** percent to **\$7.1** billion in 1995, while wage-and-salary income rose **8.0** percent. Total personal income rose **7.1** percent to **\$89.2** billion. The state also exported **\$4.5** billion of goods and services in 1995.

Colorado's number of women-owned businesses, including part-time firms, increased **36.1** percent from 1987 to 1992, totaling **121,659**. The number of Black-owned firms, including part-time firms, increased **52.3** percent from 1987 to 1992, totaling **4,372** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose

45.2 percent during the same time period with **13,817** firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaska Natives. The number for the group grew from **3,543** in 1987, to **5,788** in 1992, representing a **63.4** percent increase.

Small businesses with fewer than 20 employees reported **13.5** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of Colorado.

The composition of small business in Colorado is very diverse. The **Eating and Drinking Places** industry is the largest small business employer in Colorado. Other significant small business industries are, in descending order: **Health Services, Business Services, Special Trade Contractors, and Wholesale Trade-Durable Goods**. The fast-growing industries include **Insurance Carriers, Primary Metals Industries, Motion Pictures, Museums, and Stone, Clay, and Glass Products**.

The number of new firms increased **1.3** percent. New business incorporations increased by **0.8** percent. Business bankruptcies declined by **9.0** percent but business failures increased by **12.2** percent.

An SBA Office of Advocacy study found that Colorado's top lenders to small businesses in 1995 were:

1. Bank Southwest NA
2. Bank of Grand Junction
3. Lafayette State Bank
4. Mountain National
5. Citizens State Bank of Ouray
6. Independent Bank
7. Farmers Bank
8. Rio Grande City Bank
9. Weststar Bank
10. Bank of Broadmoor

In sum, small businesses have a striking impact on Colorado's economy. Not only do they play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1993, the latest year available, and was prepared for the Office of Advocacy, U.S. Small Business Administration by the Bureau of the Census, U.S. Department of Commerce.

The first table lists the industries that were the top five employers in the state, without regard to the size of the firm that provided the jobs. The next to last column in the table shows the percentage of persons employed in firms with fewer than 500 employees (small businesses) in those industries.

The second table lists the industries that employ the most people in firms with fewer than 500 employees. These are the top small business employing industries in the state. The "percent of total" column provides the percentage of total employment in the state accounted for by each of the industries listed.

The third table lists--for the 1991-1993 period--the fastest growing small business industries in the state. As many as five industries are shown. If fewer than 5 industries are shown, it is because 1991-1993 was a recessionary period in which there was little national employment growth. The industries listed represent those in which small businesses sustained the economy during a period of little aggregate employment growth.

Top Five Industries in Colorado by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL	RANK
Health Services	138,751	9.8	42.6	1
Eating & Drinking Places	123,844	8.7	72.3	2
Business Services	103,349	7.3	51.9	3
Wholesale Trade-durable Goods	58,787	4.1	66.0	4
Special Trade Contractors	53,404	3.8	93.4	5
TOTAL, ALL INDUSTRIES	1,419,300	100.0	55.4	

Top 5 Small-Business-Dominated Industries in Colorado by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Eating & Drinking Places	89,483	11.4	1
Health Services	59,082	7.5	2
Business Services	53,665	6.8	3
Special Trade Contractors	49,856	6.3	4
Wholesale Trade-durable Goods	38,828	4.9	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	786,526	100.0	

Fastest Growing Industries for Small Business in Colorado, 1991 - 1993

INDUSTRY	SMALL BUSINESS EMPLOYMENT IN		PERCENT CHANGE, 1991-1993	RANK
	1991	1993		
Special Trade Contractors	38,983	49,856	27.9	1
Engineering & Management	28,766	33,850	17.7	2
Health Services	50,553	59,082	16.9	3
Eating & Drinking Places	78,589	89,483	13.9	4
Wholesale Trade-durable Goods	34,396	38,828	12.9	5

Office of Advocacy, U.S. Small Business Administration. Based upon Census data, prepared under contract.